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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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COUNTRY	China	REPORT NO.	25X1A
SUBJECT	Wage Stabilization and Cost of Living	DATE DISTR.	9 February 1954
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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
 THE APPRAISAL OF CONTENT IS TENTATIVE.
 (FOR KEY SEE REVERSE)

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SOURCE: [REDACTED]

1. Prior to May 1953 the cost per day of the necessities of life for one laborer was designated as one fen (0118) by the Chinese Communists. Wages were then set on the basis of the fen.² In June 1953 one fen was equivalent to about JMP 2,000.
2. In government-managed enterprises an apprentice received from 150 to 300 fen per month in wages; a skilled factory worker from 200 to 700 fen per month. Following is a monthly accounting of a family in which the husband and the wife worked for a government-owned textile factory in Shanghai; this couple had one child and no other dependents. The family was living in a rent-free house, and their taxes were paid by their employer. The JMP 450,000 balance was used for new articles other than the listed items, permitting little saving.

Income:	Wage (for both husband and wife), 462 fen	JMP 924,000
	Bonus	<u>47,000</u>
	Total	JMP 971,000
Expenditures:	Labor union dues	JMP 11,000
	Food	284,000
	Fuel	28,000
	Water, electricity	13,000
	Cigarettes	60,000
	Newspaper	10,000
	Amusement	40,000

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Expenditures: Goods purchased through the cooperative society	JMP 7,320,000
Miscellaneous expenses	1,360,000
Total	JMP 20,830,000
Balance (to be used for the purchase of livestock)	JMP 7,170,000

5. Government workers were given all necessities in kind and additional pocket money of about JMP 150,000 per month.

25X1A 1. [REDACTED] Comment. It is not clear if the use of the word "laborer" in this instance indicates that the value of the fen is based on the necessities required by the members of the lowest economic level or if laborer is synonymous with wage-earner.

25X1A 2. [REDACTED] Comment. This system was first adopted to stabilize living when price fluctuations were large and was later adopted by most enterprises.

25X1A 3. [REDACTED] Comment. The tax paid by employers was presumably individual income tax.

25X1A 4. [REDACTED] Comment. The figures given in this column total [REDACTED] 728,000.

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Expenditures: Miscellaneous expenses	<u>75,000</u>
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Total	JMP 521,000
Balance	JMP 450,000

3. Following is a monthly accounting for a family of four in Shanghai. The husband worked for a private trading company and the wife as an accountant in a department store, both companies being in Shanghai. A 15 percent tax³ was paid by the employers, and most of the remaining JMP 102,000 was used for new clothes.

Income: Husband, 172 fen	JMP 344,000
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Bonus	120,000
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Wife, 170 fen	340,000
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Bonus	62,000
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Total	JMP 866,000
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Expenditures: Union dues for both	JMP 16,000
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Rent	40,000
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Food	360,000
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Water, electricity	12,000
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Cigarettes	80,000
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Newspaper and magazines	50,000
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Amusement	120,000
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Miscellaneous expenses	<u>50,000</u>
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Total	JMP 764,000 ⁴
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Balance	JMP 102,000
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4. Following is the annual accounting of a farmer's household in Shantung.

Income: From farming	JMP 24,800,000
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From other work	3,200,000
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Total	<u>28,000,000</u>
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Expenditures: Cooperative society dues	JMP 100,000
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Food (calculated in terms of cash)	7,050,000
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Taxes	3,200,000
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Cost of raw materials paid to the cooperative society	1,800,000
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